

Policies & Procedures

Budget Procedures

The Charter of the City of Chattanooga designates the City Council as being the party responsible for the preparation and passage of the annual budget. This is found in Title 6, Finance & Taxation, Chapter III, Section. 6.80 and states:

Section. 6.80 Annual budget not to exceed estimated revenue except in cases of extraordinary emergencies. It shall be the duty of the City Council elected under this act to prepare and pass an annual budget each year. The budget for the ordinary and extraordinary expenses of said city for any one year shall not exceed the estimated amount of revenue to be collected for said year; and in no event shall there be appropriated by the Council any sum or sums in excess of the estimated revenues of said city, for the fiscal year in which said appropriation is made. Provided, however, said members of the Council may, in extraordinary emergencies such as floods, epidemics, or destructive fires, make appropriations in excess of the estimated revenue when the public health, safety, and welfare demand same.

The Budget Section, a subsection of the Department of Finance, is the catalyst for the budget process for the City Council.

A brief description of the form of government the City of Chattanooga utilizes will be useful in more fully understanding the budget process. The City of Chattanooga operates under a Council/Mayor form of government, having changed from the Mayor/Commission form in 1990. The current organizational plan places legislative responsibility for municipal government in the City Council and gives administrative or executive authority to the Mayor. The Council levies taxes, enacts ordinances, adopts the annual budgets as well as performs other legislative functions. The Mayor, who is elected by the citizens of Chattanooga in an at-large vote, carries out the programs and policies approved by the City Council. In addition to advising the Council on policy and legislative matters, the Mayor also recommends the annual budgets and work programs. The operating budget of the City is the single most important decision making document passed by the

Council each year. This budget document passed each year must effectively accomplish several criteria as well as meet certain governmental budgeting standards. The Government Finance Officers Association has established four (4) criteria that governmental budgets should meet:

A governmental budget should:

- (1) Be a policy document*
- (2) Be an operating guide*
- (3) Be a financial plan, and*
- (4) Be a communications device*

To insure these criteria are met, the Budget section of the City Finance Department prepares a budget calendar and budget policies to facilitate the decision-making process by providing overall direction to City departments. The budget calendar and the budget policies form the nucleus of the budget-making process for the City of Chattanooga. Following these two tools City Departments and Agencies develop their budget requests as well as their performance data to reflect the goals and objectives for the upcoming fiscal year.

The first budget procedure to be put into place is planning of the budget calendar and the budget policies by the City Finance Officer. In early February, the Budget Section, working under the direction of the Finance Administrator, compiles draft copies of the proposed budget calendar as well as the proposed budget policies. When the Finance Administrator is satisfied the proposals meet the needs of the Departments/Agencies, they are presented to the Mayor for review. The Mayor can at this time add to or delete from either document. When his review is finished the Mayor then presents the finished products to the City Council for review and approval. The City Council can then change either document. This provides the guidelines needed by the Departments/Agencies to begin budget preparation for the upcoming fiscal year. After the City Council has adopted the budget calendar and the budget policies, the Mayor meets with his Department Administrators and Department Budget Personnel to distribute them. While the budget calendar and budget policies are being discussed, the Budget Section of the City Finance Officer's Department is preparing the budget forms and supplementary data for distribution to the various Departments and Agencies. A

budget request form is prepared for each activity within each department of city government. This budget request form, along with the supplementary data, provides the detailed expenditures of the prior fiscal year and the detailed expenditures for the current fiscal year-to-date. Each department/Agency is responsible for projecting its expenditures thru the end of the fiscal year. Each increase requested in appropriations by a department or agency must be accompanied by a detailed justification sheet. Once the departments receive these budget request forms they are given a set time to return them to the City Finance Office, per the budget calendar. Detailed estimates are prepared of all anticipated revenues to the City from all sources. The Budget Section prepares these revenue estimates working in conjunction with the various departments and outside agencies or governmental units who plan to contribute funds to the City. The Revenue Budget Form contains data on the prior fiscal year, current year-to-date, a projection through the end of the fiscal year, and the amount estimated to be collected in the next fiscal year. These estimates are monitored throughout the budget-making process and changed as required, using updated data. When the Revenue Budget Form is completed it is discussed in detail with the Mayor by the Finance Administrator.

The Departments and Agencies are given a deadline in the budget calendar by which to turn in their budget requests to the City Finance Office. During this time their budgets are finalized by their budget personnel working closely with the Budget Section analyst assigned to their department. The goals and objectives of each activity are spelled out, and the financial means to accomplish them are incorporated into their budgets. Each activity is a stand alone document, virtually a teaching tool. When presented to the City Finance Office, a department's budget consists of Budget Forms for each activity within the department, overlaid with a departmental summary form. The department's overall goals and objectives are stated here on the summary forms.

Once all Budget Forms for all departments and agencies are collected by the City Finance Office a review process begins by the Budget Section. This budget documentation turned in by the departments should include a statement of proposed departmental goals and objectives, performance measures, an estimate on the status of performance at the end of the current year as well as traditional account line item expenditure requests and justification for maintaining current and expanded expenditure requests. The Budget Section reviews each budget request to insure compliance with the budget policies.

It is at this time that budget sessions are held with departmental Administrators and budget personnel to discuss various issues and gain a thorough understanding of the budget requests. After meetings with the departments, the Budget Section is ready to balance the budget request to the estimated revenues. When this is accomplished, the balanced budget is presented to the Mayor for review. At this point the Mayor can add or delete items to the budget. When the Mayor is satisfied that the budget presented represents the goals and objectives of the City and the financial means of reaching those goals and objectives, he will present the balanced budget to the City Council at a Budget and Finance Committee meeting.

The City Council begins a budget review of its own once it receives the balanced budget proposal. This is done through the Budget Committee, where numerous work sessions are held to examine all aspects of the proposal. Department Administrators are called in to explain differences in their current year budget and the proposed budget. Changes are made by the Council at their discretion. Finally, when the budget is agreed upon, a Budget Ordinance is written up by the Budget Section for passage by the City Council at a regularly scheduled meeting. In this Budget Ordinance the City Council sets the Tax Rate for the next year to support the budget being submitted. The City Council holds public hearings on the budget proposal during the time the budget is first presented and when it is finally passed. The Budget Ordinance, like all City Ordinances, must pass three readings of the Council to become law.

The City of Chattanooga's budget process has evolved into a comprehensive system. The process is being constantly upgraded to provide the best tool possible for the departments and agencies to work with and to produce a budget document that is easy to read and follow and at the same time complex enough to allow for the many changes confronted by the City each year.

During May and June, the City Council hears budget requests from agencies and departments at its regularly scheduled meetings. Prior to July 1, the City adopts an interim budget appropriating funds for the usual and ordinary expenses of the City government in an amount not to exceed one-twelfth of the preceding fiscal year operating budget for each month that the interim budget is in effect. Subsequently, the budget is legally enacted through passage of an ordinance with an operative date of July 1. Upon adoption of the annual budget ordinance by the Council, it becomes the formal budget for City operations. After the budget ordinance is adopted, the council can increase the budget only if actual receipts exceed the estimated, or from accumulated surplus in the amount of an unexpended appropriation from the previous year. Budget control is

maintained by recording encumbrances as purchase orders are written. Financial reports, which compare actual performance with the budget, are prepared monthly and presented to the Council, allowing the council to review the financial status and measure the effectiveness of the budgetary controls. Open encumbrances are reported as reservations of fund balance at June 30. All unencumbered and unexpended appropriations lapse at year-end.

The City Finance Officer is authorized to transfer budgeted amounts within divisions within the General Fund, but the authorization does not apply to funds other than the General Funds.

Formal budgets are adopted for the General Fund, Debt Service Fund, all enterprise funds and for a majority of the Special Revenue Funds, including the State Street Aid Fund. These formal budgets are adopted on a departmental basis. Line item amounts from the budget preparation phase are booked on the appropriation ledger.

City's Long Term Initiatives

As Mayor Corker took office in April, he presented an agenda that would maintain the strong fiscal character of the City through stimulation of the economy and providing good paying jobs for its citizens. This budget includes funding for **nine initiatives** that will help in achieving this goal. They are as follows:

Business Recruitment – This administration will work closely with the Chamber of Commerce to make recruitment of new businesses a top priority. An individual with extensive experience and business and industry contacts will be selected to lead this effort.

Access to Capital - Funding is provided for the recruitment and retention of a major regional economic development firm which will bring large amounts of venture capital and loans for new, start-up, minority owned or existing businesses in Chattanooga

Digital Vision – The goal of this administration is to capitalize on the assets we have to ensure that businesses in our community with high data transfer needs have access to digital technology at competitive prices. We will work closely with Oak Ridge National Laboratory (ORNL) and the Electric Power Board to this end. The acquisition

of strands of fiber optic lines will enable University of Tennessee at Chattanooga to connect with the ORNL, thereby significantly enhancing their capabilities to do applied research.

Volunteer Army Ammunition Site (VAAP) - This budget includes over \$5 million for the purpose of developing this site in order to attract new businesses with high paying jobs for the citizens of Chattanooga and Hamilton County. The County will match the City's contribution toward the development of the site resulting in a total of over \$10 million earmarked for this purpose.

Airline Service - This administration recognizes the need for strategic planning with regard to the future of the Airport Authority. Plans are to launch a campaign to find an excellent airport manager to begin this process. His objective will be to bring in additional carriers and ensure competitive rates for passengers.

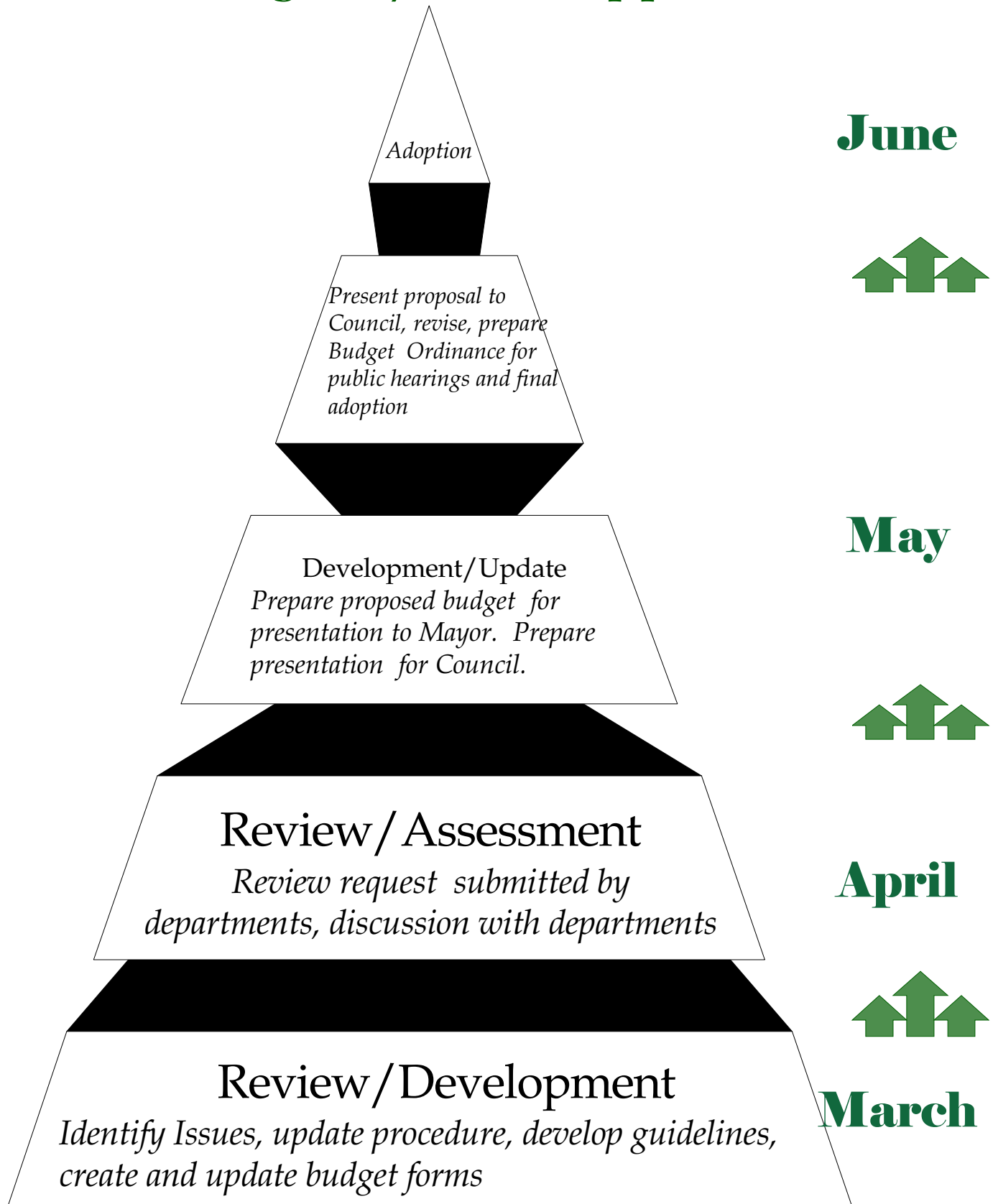
University of Tennessee at Chattanooga– This administration is committed to assisting UTC in becoming a place that attracts talented people from across the country and the world. A first class University is a prerequisite for every great city. Success in our digital vision will provide the opportunity for research and collaboration with other scholars across the country. Access to the Nation's super highway will have a tremendous effect on the University's ability to recruit technologically advanced students and faculty members.

Education – The formation of a Community Education Alliance composed of community and business leaders will work in coordination with the Hamilton County Department of Education and the Benwood Initiative to address the problems specific to high priority elementary schools in our community. This panel will specifically address teacher recruitment, teacher retention and the better coordination of the City administered Head Start program at these schools.

Neighborhoods– The Strategic Neighborhood Initiative (SNI) is a partnership between the City of Chattanooga and 15 high priority neighborhoods to transform them into clean, safe attractive communities with strong independent and capable neighborhood associations

Safety – Fear of crime in the neighborhood is of great concern to the citizens of Chattanooga. A new strategy will be adopted that using our existing resources and focuses them on our neighborhoods. It calls for high visibility directed patrols in neighborhoods, faster response to calls for service, and a more timely response for investigating crime.

The Budget Pyramid Approach Model



S M T W T F S

January 2002

		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

February 2002

					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		

March 2002

					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		

April 2002

	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

May 2002

		1	2	3	4	
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

June 2002

						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

February

1 Calandar Planning Session
28 Target cut off for CY actuals on budget forms

March

18 Salary projections distribution to departments
22 Deadline for Agency Budget submission

April

1 Deadline for Budget 2003 submissions along with goals and accomplishments
5-12 Budget review and discussions with departments
15 Total budget package to presented to Mayor
16-19 In house Budget Session to balance Budget 2003
26 Capital and Sewer request submitted to Finance Office
30 Proposed balance budget to Mayor

May

1 Prepare for power point presentation
14 Presentation of budget to Council
16 City/Council Joint Budget Hearings

July

9 1st Reading of FY 2003 Budget submitted to Council
16 2nd & 3rd Reading of FY 2003 Budget submitted to Council. Budget & Revenue ordinances adopted.

August

9-16 Finance Officer discuss capital budget with various Department Heads
19-23 Financial Officials discuss Capital Budget of all departments with the Mayor
27 Presentation of Capital Budget to Council

September

4 Capital Budget ordinance adopted

October/November

Budget Maintenance and Monitoring

December/January

Review improvement ideas for FY 2004 Budget process

S M T W T F S

July 2002

	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

August 2002

				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

September 2002

1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

October 2002

		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

November 2002

					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

December 2002

1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Budget Policies

The City of Chattanooga has as its highest priority not only the maintenance of basic public services and facilities necessary to meet the needs of its citizens, but also any future needs necessary to keep it the growing, thriving metropolitan area it has become over the years. Current basic public services are those services that would not be provided without public action, and future basic public services could not be provided without the proper planning necessary to provide them. Within this framework the City prepares its Operating Budget each year.

The overall goal of the City's financial plan is to establish and maintain effective top quality management of the City's financial resources. By effectively managing these financial resources through sound budget policies and the monitoring of the results of these policies throughout the fiscal year, the City builds itself a framework for subsequent years. Because the City involves each Department/Division so heavily in the budget process, the policies serve as an excellent training guide, even for the budget novice. And because the City involves each Department/Division Administrator so heavily in the budget process, the finished product, i.e. the Budget Ordinance, serves as an excellent management tool for use in day to day decision making in the operation of a department. The Budget Ordinance also provides the basis of financial control to ensure compliance and prevent any overspending. Monthly reports comparing budgeted amounts to actual amounts are furnished to each department for review. These reports are also used to search for funding sources, or unexpended appropriations, needed if a departmental mission is adjusted in midyear.

The City's budget policies are written up each year by the Budget Section of the City Finance Administrator's Office. These proposed policies are reviewed by the Finance Administrator to insure they contain all information known at that time to provide the desired results of the current year budget process. Working together, the Finance Administrator, Deputy Finance Administrator, Budget Officer and the budget staff insure that the budget policies to be presented for consideration by the Mayor and City Council do contain the means to provide the basic public services. Basic public services can be defined as those services that are

- *essential to the health and safety of the City's citizens,*
- *necessary in order to avoid irreparable damage to City resources, and*
- *a service that the absence of which would make the City's quality of life generally unacceptable to its citizens.*

After the budget policies have met the satisfaction of the Finance Administrator and his staff, the Finance Administrator presents them to the Mayor. They undergo further review, additions, deletions, and changes by the Mayor based upon his personal knowledge of the direction the City needs to be taking in conjunction with the Administrator's initiative. After the Mayor has reviewed the budget policies, he then presents them to the City Council for review and adoption. Here the City Council can add, delete, or change any portion of the policies they deem necessary. Once the Council is in agreement, the policies are formally adopted in a City Council budget meeting. Once adopted, the budget policies are set in place to serve as the guide for the fiscal year.

The following section outlines the budget policies adopted by the City Council for use in preparation of the City's FY 02/03 Operating Budget:

Budget Requests for Fiscal Year 2003 will be submitted on line-item (Account) basis. Generally, any growth in funding must be fully justified and will be at the expense of some other line item, barring a specific revenue generated to cover the additional expense.

Budget Requests will be divided into two parts: The Maintain Requests, and the Additional Requests. Requests for additional funding must be accompanied by narrative justification.

Maintain Requests will be based upon the projected 01/02 expenditures less any one time nonrecurring expenditures.

- a. Request for one time, unavoidable costs that are anticipated for FY 02/03 will be included in the Additional Requests with justification.
- b. Requests for recurring unavoidable increases, including such items as street lighting, other utilities, pension costs, FICA, etc., will be included in the Maintain Budget Requests.

Personnel Issues:

- a. Maintain Requests for Salaries & Wages will include all positions authorized at the current Pay Plan Amount. The Finance Office will provide projections.
- b. Maintain Requests will not include any requests for funding of additional personnel.
- c. Do not include funds for pay raises or pending reclassifications. Step increases are provided for by Projections, which will be entered by the Budget Analysts after a decision is made concerning salary and wage changes.
- d. Budget Requests for overtime must be from a zero base, consistent with overtime ordinances, and not justified by prior year experience only.
- e. If you plan to hire temporary workers, your budget estimate should include payroll taxes. Any hiring of contract employees must stand up to IRS scrutiny.
- f. Temporary staffing should be budgeted under "Salaries & Wages".
- g. There will be no additions to the total number of positions. New positions and position reclassifications must be matched with comparable reductions or consolidation of existing positions so as to result in no increase in total personnel cost.
- h. No increase in positions or position reclassification will be considered in the 2002-2003 Budget without a corresponding reduction/reclassification in existing positions resulting in the same or reduced costs to the City.
- i. New and additional positions (including reclassifications) must be submitted to Personnel for review no later than March 29, 2002. Forms are available in personnel, see Jean Smith (ext. 4862). (All requests for new positions and reclassifications must be supported by corresponding reductions in existing positions resulting in the same or reduced payroll cost)

Renewal & Replacement:

Budget Requests will include capital operating requirements, to be funded from the amount appropriated for Renewal & Replacement of Equipment. Generally, a capital operating requirement has a useful life of less than 15 years

and involves a cost less than \$25,000.00. Items with a longer useful life and greater cost will be included in the Capital Budget. We anticipate that the FY 02/03 budget will include funding for Renewal & Replacement in the amount of \$1,500,000.

All departments will include in each activity funds for vehicle repairs at City Garage. Parts will be billed by the Garage at a 25% markup. Labor cost has been set at \$45.00 per hour. Vehicle maintenance cost expenses should be based on hours experienced during FY 00/01 execution. The price factor to be used for forecasting fuel costs is \$1.35 per gallon for gasoline and \$1.15 per gallon for diesel.

Fringe Benefit costs are to be included in each Activity Request which has Personnel costs. These Fringe Benefit costs are:

General Pension	1.82%
Fire & Police Pension	15.72%

BlueCross Blue Shield of Tennessee net of employee contribution:

Individual	\$216.45
Subscriber + Child	\$360.95
Subscriber + Spouse	\$441.16
Family	\$611.61

Life Insurance Coverage: \$0.295 per \$1,000 coverage/month. Maximum: \$50,000.

Long-Term Disability:
\$0.1875 per \$100 coverage per month.

FICA	6.20%
Medicare	1.45%

Union Pensions:	
Operating Engineers	\$1.15/hour
Laborers	\$0.89/hour

We do not anticipate any increase in utility costs during FY 02/03. These costs are subject to update as additional information becomes available. Fringe Benefit cost projections will be provided by the Finance Office.

Budget Execution Guidance

Salary and wage funds are "generally untouchable" to use as funding sources for other line items during the fiscal year.

Use of the city's garage services is mandatory for applicable procedures/services unless specific approval of the Mayor is obtained in advance.

Descriptions, Goals & Objectives, and Performance Measures for each activity will be distributed during budget time. Please update, if necessary, as they are included in the City's Comprehensive Annual Budget Report submitted to the Government Finance Officer's Association.

Revenue Policies

The City of Chattanooga's revenue programs are administered by the Budget Section of the Department of Finance & Administration. The Budget Section adheres to long-standing principles which insure stability and financial health. The cornerstone of these principles followed by the City is an air of conservatism. The City never has, nor never will, intentionally overestimate a revenue source merely to fund a project or additional personnel. The revenue policies of the City remain fairly constant from year to year, changing to include new revenue sources and an extension of the tax base when appropriate. These revenue policies give a good insight into the reasoning being considered by the City at budget time. The policies themselves reflect the conservative approach used by the City.

Revenue policies of the City include, but are not limited to the following:

The City will maintain effective collection systems and implement aggressive enforcement strategies to maximize revenues from all sources.

The City will attempt to maintain a diversified revenue base, which will not emphasize any one revenue source.

The City will attempt to maintain a revenue system which will encourage development of alternative revenue sources.

The City will continually monitor the local tax

effort, such as Property Tax and Sales Tax, and compare it with other cities of comparable size.

The City will maintain a broad revenue base; that is, a large number of widely diversified revenue sources will be established and maintained in order to distribute the revenue burden equitably and protect the City from short-term fluctuations in any one revenue source.

The City will follow a conservative approach in the projection of revenues so that actual revenues at year end will consistently equal or exceed budgeted amounts.

The City will actively seek Federal and State grants and insure a fair proportion is received.

The City will review all user fees and licenses annually, adjust these fees and licenses when appropriate, and establish new fees and licenses when necessary.

The City will establish all user charges and fees at a level related to the full cost of providing the operating, direct, indirect, and capital services.

The City will limit the designation of General Fund revenues for specified purposes in order to maximize flexibility and utilize revenues more efficiently.

The City will continue to maintain its low Debt Ratio in providing funding through general obligation bond sales.

Cash Management & Investment Policy

1.0 Policy It is the policy of the City of Chattanooga to invest public funds in a manner which will maximize investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds. The City Treasurer is authorized to manage the investments described herein.

2.0 Scope This investment policy applies to all financial resources of the City of Chattanooga, other than funds of The City of Chattanooga General Pension Plan and The City of Chattanooga Fire and Police Pension Plan, managed by a board of trustees or

contractual managers; Deferred Compensation Plan funds managed externally; and such funds excluded by law, bond indenture or other Council-approved covenant.

These funds are accounted for by the City's Finance Department Accounting Services Division, as represented in the City of Chattanooga Comprehensive Annual Financial Report and include:

2.1 Funds

- (1) General Funds
- (2) Special Revenue Funds
- (3) Debt Service Funds (*unless prohibited by bond indentures*)
- (4) Capital Project Funds
- (5) Enterprise Funds
- (6) Trust and Agency Funds
- (7) Any new fund created by the City Council, unless specifically exempted.

Funds held by the Hamilton County Finance Department during tax collection period shall be governed by the County's investment policies, and are not subject to the provisions of this policy.

3.0 Prudence The standard of prudence to be used by investment personnel shall be the "Prudent Investor Rule" and will be in the context of managing an overall portfolio: "Investments shall be made with judgment and care-under circumstances then prevailing-which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." Investment officials meeting this standard will be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 Investment Objectives. The primary objectives, in priority order, of the City of Chattanooga's investment activities shall be as follows:

4.1 Safety. Safety of principal is the foremost objective of the investment program. Investments of the City of Chattanooga shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversion is required in order that potential losses on individual securities do not exceed the income generated from the remainder of

the portfolio.

4.2 Liquidity. The City of Chattanooga's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

4.3 Return on Investment. The City of Chattanooga's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and cash flow characteristics of the portfolio.

4.4 Local Institutions. Local institutions shall be given preference when they are, in the judgment of the Treasurer, competitive with other institutions.

5.0 Delegation of Authority. Chattanooga City Charter 6.1 Empowers the Mayor, Finance Officer, and Treasurer with the investment responsibility for the City. There is created within the Department of Finance, a Treasury Division. The Treasurer is responsible for day-to-day investment decisions and activities and the development and maintenance of written procedures for the operation of the investment program, consistent with these policies.

Procedures should include reference to: safekeeping, SPA repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Officer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

The Treasurer shall report to the Mayor and Finance Officer at agreed-upon intervals, on investment activities. The Treasurer will train other investment personnel to assist and provide relief in the day-to-day placement of investments.

6.0 Ethics and Conflicts of Interest.

Any person involved in the investment process shall refrain from personal business activities which could conflict with the proper execution of the investment program, or which could impair their ability to make

impartial investment decisions.

Investment personnel shall disclose to the Mayor any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment position that could be related to the performance of the City of Chattanooga, particularly with regard to the time of purchases and sales.

Bonding of all staff involved in the investment process shall be required, and such bonding requirements shall apply to those individuals authorized to place orders to purchase or sell investment instruments.

7.0 Authorized Financial Dealers and Institutions.

The Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of Tennessee. These may include "primary dealers" or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by the laws of the State of Tennessee.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Treasurer with the following:

- (1) Audited financial statements
- (2) Proof of National Association of Security Dealers certification.
- (3) Trading resolution
- (4) Proof of State of Tennessee registration
- (5) Completed broker/dealer questionnaire
- (6) Certification of having read the City of Chattanooga's investment policy and depository contracts.

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Treasurer.

A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the city of Chattanooga invests.

8.0 Authorized and Suitable Investments.

The City of Chattanooga shall limit its investments to those allowed by the Tennessee Code Annotated 6-56-106, which states:

"In order to provide a safe temporary medium for investment of idle funds, municipalities are authorized to invest in the following:

- (1) Bonds, Notes or Treasury Bills of the United States;
- (2) Non-convertible debt securities of the following issues:
 - (A) The Federal Home Loan Bank;
 - (B) The National Mortgage Association;
 - (C) The Federal Farm Credit Bank; and
 - (D) The Student Loan Marketing Association;
- (3) Any other obligations not listed above which are guaranteed as to principal and interest by the United States or any of its agencies;
- (4) Certificates of deposit and other evidences of deposit at state and federal chartered banks and savings and loan associations.
- (5) Obligations of the United States or its agencies.
- (6) The Tennessee Local Government Investment Pool
- (7) Repurchase Agreements (provided a Master repurchase agreement has been executed and approved by the state director of local finance, such investments are made in accordance with procedures established by the state funding board;)"

8.1 Securities Not Eligible As Investments For Public Funds In The State Of Tennessee:

- (1) Corporate Bonds
- (2) Corporate Stocks
- (3) Foreign Government Obligations
- (4) Futures Contracts
- (5) Investments in Commodities
- (6) Real Estate
- (7) Limited Partnerships
- (8) Negotiable Certificates of Deposit

8.2 Reverse Repurchase Agreements.

The City of Chattanooga will not engage in using Reverse Repurchase Agreements. "Leveraging" is not an acceptable strategy for the City.

8.3 Derivatives. The City will not engage in rate speculation (e.g. through purchase of “derivative” securities).

8.4 Risk. The City’s investing maxim is that public funds should never be put at risk.

9.0 Investment Pool. A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed which will answer the following questions:

- (1) A description of eligible investment securities, and a written statement of investment policy.
- (2) A description of interest calculations and how it is distributed and how gains and losses are treated.
- (3) A description of how the securities are safeguarded (including the settlement processes, and how often are the securities priced and the program audited).
- (4) A description of who may invest in the program, how often, what size deposit and withdrawal.
- (5) A schedule for receiving statements and portfolio listings.
- (6) Are reserves, retained earnings, etc. utilized by the pool/fund?
- (7) A fee schedule, and when and how it is assessed.
- (8) Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

10.0 Collateralization. All certificates of deposit and repurchase agreements will be collateralized. In order to anticipate market changes and provide a level of security for all funds, the Collateralization level will be 105% (Tennessee Code Annotated 9-4-105 “Required Collateral”) of market value of principal and accrued interest.

(1) Eligible Collateral: (Tennessee Code Annotated 9-4-103)

- a. Bonds of the United States and its agencies
- b. Obligations guaranteed by the United States
- c. Obligations of Local Public Agencies and Public Housing Agencies (Section 110(c) of the Housing Act of 1949 amended:

(2) Custodial Agreement: Collateral will always be held by an independent third party with whom the City has a current custodial

agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. All financial institutions doing business with the City are required to sign a Bond and Deposit Agreement with the City and it will be updated annually. The right of collateral substitution is granted.

11.0 Safekeeping and Custody: All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a Delivery-Versus-Payment (DVP) basis. Securities will be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts.

12.0 Diversification

The City will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and the Tennessee State Local Government Investment Pool, no more than 50% of the City’s total investment portfolio will be invested in a single security type or with a single financial institution.

13.0 Maximum Securities:

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Under current City policy, unless matched to a specific cash flow, the City will not directly invest in securities maturing more than two (2) years from date of purchase. However, the City may collateralize its repurchase agreements using longer dated investments not to exceed five(5) years to maturity.

Reserve funds may be invested in securities exceeding two (2) years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

14.0 Internal Control

The Treasurer shall establish an annual process of independent review by an external auditor. The review will provide internal controls by assuring compliance with policies and procedures.

15.0 Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

15.1 Market Yield (Benchmark): The City's investment strategy is passive. Basically, the passive approach to investing involves buying-and-holding purchases until maturity. Given this strategy, the basis used by the Treasurer to determine how the portfolio's market average rate of return compares to market yields shall be the six-month U.S. Treasury Bill and the average Federal Funds Rate.

16.0 Reporting. The Treasurer is responsible for preparing a quarterly investment report to the Mayor and Finance Officer which will provide a clear picture of the status of the current investment portfolio. The management report should include comments on the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, possible changes in the portfolio structure going forward and thoughts on investment strategies.

Schedules in the quarterly report should include the following:

- (1) A listing of individual securities held at the end of the reporting period by authorized investment category, and financial institutions
- (2) Average life and final; maturity of all investments listed
- (3) Coupon, discount or earnings rate
- (4) Par value, Amortized Book Value and Market Value
- (5) Percentage of the Portfolio represented by each investment category

17.0 Investment Policy Adoption: The City of Chattanooga's Investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed on an annual basis by the Finance Officer and Treasurer and any modifications made thereto must be approved by the City Council.

Debt Policies

The City will maintain a bond retirement fund reserve which is equivalent to the amount of debt services due on tax-supported General Obligation Bonds in the next fiscal year.

The City will not issue notes to finance operating deficits.

The City will issue bonds for capital improvements and moral obligations.

The City will publish and distribute an official statement for each bond and note issue.

Reserve Policies

The City will maintain a revenue reserve in the General Operating Fund which represents between 20-25% of the fund's expenditures.

The City will maintain a revenue reserve in the Interceptor Sewer Fund and the Solid Waste/Sanitation Fund.

Accounting, Auditing, and Financial Reporting Policies

An independent audit will be performed annually.

The City will produce annual financial reports in accordance with Generally Accepted Accounting Principles (GAAP) as outlined by the Governmental Accounting Standards Board.

The City will maintain a strong internal audit capability.

Capital Budget Policies

The City shall invest a percentage of its general operating funds to finance ongoing infrastructure maintenance, repair and replacement programs, and to implement approved plans that foster economic and neighborhood development each year.

The City will develop a multi-year plan for ongoing capital improvements, update it annually, and make all capital improvements in accordance with the plan. Funding of repair and replacement schedule projects will have funding priority before discretionary capital projects.

Capital improvement projects which violate the principles and concepts of an adopted City plan or which duplicate other public and/ or private services will not be considered.

The City Council will use the following criteria to evaluate the relative merit of each capital project:

Projects which will increase property values in a neighborhood, residential or business district; Projects identified by a priority board or a department as important; Projects which will directly benefit a community development area of the City; Projects which are part of a multi-year funding commitment; Projects which are an element of an approved master plan adopted by City Council; Projects which result in the creation of permanent jobs and/or generate additional net revenue to the city; Projects specifically included in an approved replacement schedule.

Legal Requirements

In 1982 the Tennessee General Assembly passed what has become known as the “Municipal Budget Law of 1982.” This law was incorporated into the Tennessee Code Annotated under *Section 6-56*. The following excerpts are from Tennessee Code Annotated 1992 Replacement and provide the state requirements for municipal budgets.

6-56-203. Annual Budget Ordinance. The governing body of each municipality shall adopt and operate under an annual budget ordinance. The budget ordinance shall present a financial plan for the ensuing fiscal year, including at least the following information:

- (1) Estimates of proposed expenditures for each department, board, office or other agency of the municipality, showing in addition, the expenditures for corresponding items for the last preceding fiscal year, projected expenditures for the current fiscal year and reasons for recommended departures from the current appropriation pattern in such detail as may be prescribed by the governing body. It is the intent of this subdivision that except for moneys expended pursuant to a project ordinance or accounted for in a proprietary type fund or a fiduciary type fund which are excluded from the budget ordinance, all moneys received and expended by a municipality shall be included in a budget ordinance. Therefore, notwithstanding any other provision of law, no municipality may expend any moneys regardless of their source (including moneys derived from bond and long-term note proceeds, federal, state or private grants or loans, or special assessments), except in accordance with a budget ordinance adopted under this section or through a proprietary type fund or a fiduciary type fund properly excluded from the budget ordinance;
- (2) statements of the bonded and other indebtedness of the municipality, including the debt redemption and interest requirements, the debt authorized and unissued, and the condition of the sinking fund;
- (3) estimates of anticipated revenues of the municipality from all sources including current and delinquent taxes, nontax

revenues and proceeds from the sale of any bonds or long-term notes with a comparative statement of the amounts received by the municipality from each of such source for the last preceding fiscal year, the current fiscal year, and the coming fiscal year in such detail as may be prescribed by the governing body;

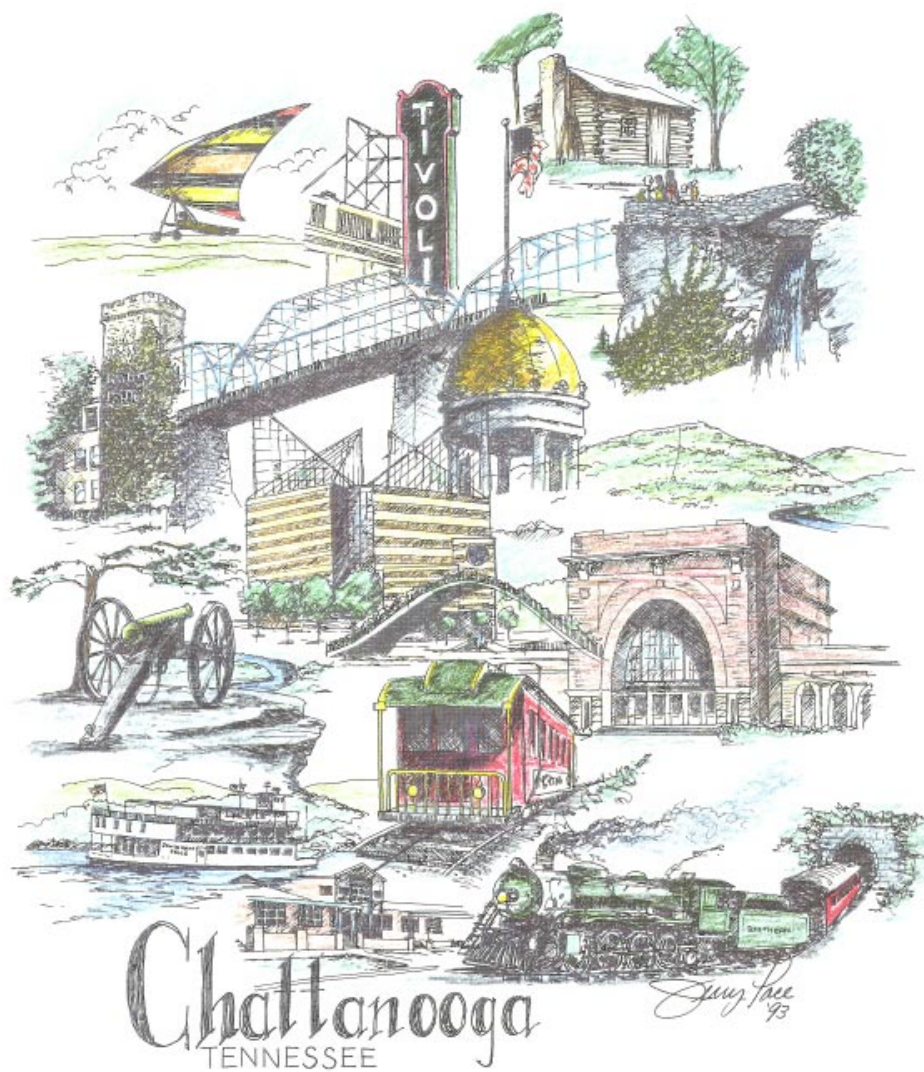
(4) a statement of the estimated fund balance or deficit, as of the end of the current fiscal year;

(5) a statement of pending capital projects and proposed new capital projects, relating to respective amounts proposed to be raised therefore by appropriations in the budget and the respective amounts, if any, proposed to be raised therefor by the issuance of bonds during the fiscal year; and

(6) such other supporting schedules as the governing body deems necessary, or otherwise required by law.

The City Code of the City of Chattanooga also provides requirements for a budget. Following is an excerpt from Chapter III, Chattanooga City Code:

Sect. 6.80. Annual Budget not to exceed estimated revenue except in cases of extraordinary emergencies. It shall be the duty of the City Council elected under this act to prepare and pass an annual budget each year. The budget for the ordinary and extraordinary expenses of said city for any one year shall not exceed the estimated amount of revenue to be collected for said year; and in no event shall there be appropriated by the City Council any sum or sums in excess of the estimated revenues of said City, for the fiscal year in which said appropriation is made. Provided, however, said City Council may, in extraordinary emergencies such as floods, epidemics, or destructive fires, make appropriations in excess of the estimated revenue when the public health, safety, and welfare demand same.



Budget Ordinance

ORDINANCE NO. 11285

AN ORDINANCE, HEREINAFTER ALSO KNOWN AS “THE FY2002/2003 BUDGET ORDINANCE”, TO PROVIDE REVENUE FOR THE FISCAL YEAR BEGINNING JULY 1, 2002, AND ENDING JUNE 30, 2003, AND APPROPRIATING SAME TO THE PAYMENT OF EXPENSES OF THE MUNICIPAL GOVERNMENT; FIXING THE RATE OF TAXATION ON ALL TAXABLE PROPERTY IN THE CITY, AND THE TIME TAXES AND PRIVILEGES ARE DUE, HOW THEY SHALL BE PAID, WHEN THEY SHALL BECOME DELINQUENT; PROVIDING FOR INTEREST AND PENALTY ON DELINQUENT TAXES AND PRIVILEGES.

WHEREAS, pursuant to and in compliance with the provisions of the Charter of the City of Chattanooga, Tennessee, the revenue has been estimated for operating the Municipal Government for the fiscal year 2002-2003 from all sources to be as follows:

PROPERTY TAXES:

Current Taxes on Real & Personal Property	\$	77,993,969
Taxes on Real & Personal Property - Prior Years		2,605,000
CHA - In Lieu of Taxes		20,420
TVA - In Lieu of Taxes		1,129,154
Electric Power Board - In Lieu of Taxes		2,818,667
Electric Power Board Telecomm – In Lieu of Taxes		157,417
Chattanooga Labeling System – In Lieu of Taxes		9,200
CNE - In Lieu of Taxes		57,996
E I Dupont – In Lieu of Taxes		276,678
Sofix - In Lieu of Taxes		99,270
Metals USA - In Lieu of Taxes		4,696
Burner Systems - In Lieu of Taxes		25,110
Messer Griesheim Ind – In Lieu of Taxes		64,315
T B Wood's Inc – In Lieu of Taxes		7,274
Regis Corporation - In Lieu of Taxes		40,021
Pavestone Company – In Lieu of Taxes		27,897
Chattanooga Bakery In Lieu of Taxes		5,754
JRB Company In Lieu of Taxes		25,542
National Print Group In Lieu of Taxes		5,798
Top Flight, Inc In Lieu of Taxes		13,863
Chattem, Inc In Lieu of Taxes		18,363
Nabisco Inc In Lieu of Taxes		39,941
Total Other – In Lieu of Taxes		12,217

Corporate Excise Taxes – State (Intangible Property)	131,600
Interest & Penalty on Current Year Taxes	50,000
Interest & Penalty on Delinquent Taxes	200,000
Delinquent Taxes Collection Fees	100,000

TOTAL	\$ 85,940,162
-------	---------------

OTHER LOCAL TAXES:

Franchise Taxes – ComCast Cable	\$ 1,337,746
Franchise Taxes – Chattanooga Gas	306,250
Liquor Taxes	1,385,475
Beer Taxes	4,330,000
Local Litigation Taxes - City Court	4,500

TOTAL	\$ 7,363,971
-------	--------------

LICENSE, PERMITS, ETC.:

Motor Vehicle Licenses	\$ 400,000
Parking Meters	427,000
Business Licenses (excluding Liquor)	120,000
Gross Receipts Tax	3,100,000
Fees for Issuing Business Licenses & Permits	57,000
Interest & Penalty on Business Licenses & Permits	72,000
Wrecker Permits	5,000
Building Permits	750,000
Electrical Permits	140,000
Plumbing Permits	200,000
Street Cut-In Permits	147,000
Temporary Use Permits	2,000
Sign Permits	95,000
Liquor By the Drink Licenses	107,500
Hotel Permits	2,000
Gas Permits	8,000
Liquor By the Drink – Interest & Penalty	2,000
Plumbing Examiner Fees & Licenses	25,000
Electrical Examiner Fees & Licenses	35,000
Gas Examination Fees & Licenses	35,000
Mechanical Code Permits	75,000
Permit Issuance Fees	65,000
Beer Application Fees	90,000
Annual Electrical Contractor License	64,000
Exhibitor's fees	3,000
Mechanical Exam Fee & Licenses	62,000
Subdivision Review/Inspection Fee	46,120

TOTAL	\$ 6,134,620
-------	--------------

FINES, FORFEITURES, AND PENALTIES:

City Court Fines	\$ 1,470
Delinquent City Court Fines	68,155
Criminal Court Fines	170,579
Parking Ticket Fines	197,682
City Fines-Speeding	605,000
City Fines-Other Driving Offenses	410,000

City Fines-Non Driving Offenses	20,000
Delinquent Tickets	128,874
Delinquent Tickets – Court Cost	30,000
Delinquent Tickets – Clerk's Fee	130,000

TOTAL	\$ 1,761,760
-------	--------------

REVENUES FROM USE OF MONEY OR PROPERTY:

Interest on Investments	\$ 1,402,500
Sale of City Owned Property	20,000
Sale of Back Tax Lots	45,000

TOTAL	\$ 1,467,500
-------	--------------

REVENUES FROM OTHER AGENCIES:

Local Option Sales Tax-General Fund	\$ 22,008,373
State Beer Tax	77,158
Hall Income Tax	3,050,000
State Sales Tax	9,703,214
State Mixed Drink Tax	1,300,254
State Gas Inspection Fees	359,000
State Maintenance of Streets	124,000
State Alcoholic Beverage Tax	65,000
Hamilton County - Radio & Electronics	130,000
Hamilton County Ross' Landing/Plaza	629,840
State – Specialized Training Funds	390,000
State – Telecommunication Sales	23,692

TOTAL	\$ 37,860,531
-------	---------------

SERVICE CHARGES FOR CURRENT SERVICES:

Current City Court Costs	\$ 90,857
Court Commissions	12,500
Delinquent City Court Cost	11,500
Clerk's Fees	635,000
Delinquent Clerk's Fee	50,000
Current State Court Costs	500
Delinquent State Court Costs	6,000
Processing of Release Forms	12,781
Delinquent-processing of Release Forms	11,000
Technology Fee	69,580
Delinquent Technology Fee	15,726
Charges for Financial Services - Electric Power Board	7,200
Variance Request Fees	7,700
Warner/Montague Park Ballfield Fees	1,500
Fitness Center	30,000
Arts & Culture	66,300
Skateboard Park	13,393
Kidz Kamp	70,380
Champion's Club	25,408
Construction Board of Appeals	2,000
Floodplain Variance Request	40
Zoning Letter	600

Fire District Removal Request	120
Sign Board of Appeals	1,500
Certificates of Occupancy	5,000
Sewer Verification Letter	1,800
Code Compliance Letters	200
Re-inspection	250
Permit Transfer	200
Modular Home Site Investigation	200
Plan Checking Fee	140,000
Phased Construction Plans Review	4,000
Cell Tower Site/Location Review	8,000
Memorial Auditorium Credit Card Fees	43,500
Tivoli Credit Card Fees	10,000
Sports Program Fees	10,000
Non-Traditional Program Fees	7,500
OutVenture Fees	10,000
Police Reports: Fees, Accidents, etc.	115,000
Photo/ID Card Fees	18,500
Dead Animal Pick Up Fee	9,152

TOTAL	\$	1,524,887
-------	----	-----------

MISCELLANEOUS REVENUE:

Land & Building Rents	\$	75,000
Dock Rental		20,000
Payroll Deduction Charges		6,500
Indirect Cost		2,134,646
Plans and Specification Deposits		12,000
Condemnation		45,000
Memorial Auditorium Rents		200,000
Memorial Auditorium Concessions		50,000
Tivoli Rents		135,000
Tivoli Concessions		20,200
Swimming Pools		10,100
Park Concessions		16,413
Zoo Recycling		25,000
Recreation Center Rental		22,680
Retiree Reimbursement (Regular)		752,217
Carousel Ridership		135,000
Walker Pavilion Rents		24,000
Coolidge Park Table Rents		7,200
Recreation Center Concessions		18,053
City Softball Program Fees		37,000
Auditorium Box Office		61,500
Tivoli Box Office		28,000
Sale of Equipment – GF Dept		67,000
Loss & Damage – GF Dept		100,000
Miscellaneous Rev – GF Dept		50,000
Greenway Facilities Rent		9,586
Outside Sales – Radio Shop		35,000
Memorial Auditorium OT Reimbursement		10,000
Tivoli Theatre OT Reimbursement		10,000

TOTAL	\$	4,117,095
-------	----	-----------

TOTAL GENERAL FUND ESTIMATED REVENUE

\$ 146,170,526
=====

and,

WHEREAS, it is necessary to base the appropriations to the various departments of the Municipal Government on the above estimated revenues;

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE:

SECTION 1. That for the purpose of raising revenue to operate the various departments, agencies, boards, commissions, offices, divisions or branches of the Municipal Government, and to pay the interest on and retire bonds of said City as they mature, there be and is hereby levied upon all taxable property within the City of Chattanooga, Tennessee, a tax for the year 2002 at a rate of \$2.516 upon every \$100.00 in assessed value of such taxable property; and to the extent applicable there is also levied a tax at the same rate upon every \$100.00 of Merchant and other Ad Valorem within the corporate limits of the City of Chattanooga, Tennessee.

SECTION 2. That the assessment made by the Assessor of Property of Hamilton County, Tennessee, and by the Tennessee Regulatory Agency for 2002 on all property located within the Corporate limits of the City of Chattanooga, Tennessee, be and is hereby adopted as the assessments of the City of Chattanooga.

SECTION 3. That the taxes herein levied on all taxable property within the corporate limits of the City of Chattanooga shall be due and payable at the office of the City Treasurer and Tax Collector OCTOBER 1, 2002, and shall become delinquent MARCH 1, 2003, after which date unpaid taxes shall bear interest at six percent (6%) per annum, and a penalty of six percent (6%) per annum, plus other penalties as provided by law, which shall be paid by the taxpayer; provided, that except for taxpayers receiving tax relief under T.C.A. Sections 67-5-702 through 67-5-705.

SECTION 4. That the Provisions of Chapter 387, Public Acts of 1971, as amended by Chapter 850, Public Acts of 1972, and as further amended by the Public Acts of 1973, and as further amended, relative to the authorization of local taxes upon the privilege of engaging in certain types of business activities be and

are hereby adopted by reference, and there is hereby levied a Business Tax on all businesses taxable by municipalities under Chapter 387, Public Acts of 1971, as amended, at the maximum rates specified therein. The City Treasurer is authorized and directed to collect such taxes as are authorized by said Act to be collected by the City of Chattanooga, a municipality, together with such interest and penalties as may become due thereon, at the maximum rate provided by law. In addition to said taxes, the City Treasurer is hereby authorized and directed to collect a fee of Five and 00/100 Dollars (\$5.00) upon the issuance of any privilege license under said Business Tax Act and also upon receipt of each payment of the Gross Receipts tax authorized by said Act, except that this fee may not be charged persons paying the annual minimum tax under the provisions of Chapter 58, Title 67, of the Tennessee Code Annotated, if paid on the same date as the respective and related return is filed.

SECTION 5. That the budgets of the various departments, agencies, boards, commissions, offices, divisions, or branches of Municipal Government for the fiscal year beginning July 1, 2002, are fixed as hereafter set out; and the amount so fixed for each is hereby appropriated out of the estimated revenue for said year for the use of that department, agency, board, commission, office, division, branch of government, to-wit:

GENERAL FUND APPROPRIATIONS

Department of Finance & Administration	\$	8,802,791
Department of Police		35,214,923
Department of Fire		22,970,945
Department of Public Works		25,976,051
Department of Parks, Recreation, Arts & Culture		10,944,860
Department of Personnel		8,765,816
Department of Neighborhood Services		1,769,455
General Government & Supported Agencies		30,105,968
Executive Department		1,619,717
		<hr/>
TOTAL	\$	146,170,526
		<hr/> <hr/>

DEPARTMENT OF FINANCE & ADMINISTRATION

Finance Office	\$	1,715,550
Information Services		2,517,994
City Treasurer		541,065
Telephone System		335,228
City Court Clerk – Operations		1,033,967
City Court Clerk's Office – Space Cost		99,750
Telecommunications Operations		128,485

Geographic Information System	115,475
Building Maintenance	704,330
Electronics Division	373,040
Purchasing	849,196
Real Estate – Administration	232,611
Real Estate – Property Maintenance	156,100

TOTAL	\$ 8,802,791
-------	--------------

DEPARTMENT OF POLICE

Police Operations	\$ 3,230,304
Chief of Police	364,411
Uniform Services Command	430,115
Sector 1	6,066,536
Sector 2	3,586,483
Sector 3	3,885,503
Community Services	962,433
Special Operations	1,098,921
Animal Services	1,132,366
Support Services	531,060
Training Division	802,734
Technical Services	1,743,379
Operations Support Services	3,601,743
Major Investigations	3,147,614
Office of Budget & Finance	480,371
Accreditation	255,941
Fleet / Facilities Management	2,451,697
Administrative Services	526,128
Internal Affairs	437,145
Community Outreach	163,767
Police Information Office	126,433
Legal Services	125,957
Technology Coordinator	63,882

TOTAL	\$ 35,214,923
-------	---------------

DEPARTMENT OF FIRE

Fire Operations	\$ 22,510,645
Utilities	455,800
Combat Challenge	4,500

TOTAL	\$ 22,970,945
-------	---------------

DEPARTMENT OF PUBLIC WORKS

Administration	\$ 579,580
City Engineer	1,909,238
Municipal Forestry	505,664
Street Cleaning	1,810,716
Emergency	517,552
City Wide Services	903,986
Sewer Construction & Maintenance	1,908,019
Inspection Division	1,583,970
Board of Gas Fitters	2,950
Board of Plumbing Examiners	2,000

Board of Electrical Examiners	19,270
Board of Variances	7,750
Board of Mechanical Examiners	1,800
Utilities	142,300
Brainerd Levee I,2,3	39,750
Orchard Knob Storm Stations	32,875
Minor Pump Stations	27,500
Traffic Administration	611,895
Traffic Control	1,613,519
Street Lighting	2,467,200
Solid Waste & Sanitation Fund Subsidy	4,784,387
State Street Aid Subsidy	320,000
Storm Water Subsidy	683,952
Waste Pickup Garbage	2,788,237
Waste Pickup Brush	2,711,941
TOTAL	\$ 25,976,051

DEPARTMENT OF PARKS, RECREATION, ARTS & CULTURE

Administration	\$ 606,801
Public Information	94,621
Senior Citizen A.O.	58,916
Greater Chattanooga Sports Committee. A.O.	75,000
Inner City Ministry. A.O.	18,500
Recreation Facility Management	2,791,484
Summer Youth	129,874
Fitness Center	283,722
Urban & Community Recreation	147,312
OutVenture	111,438
Sports	36,917
Champion's Club	180,463
Aquatics	115,294
Parks & Athletic Fields	695,313
Tennessee Riverpark – Downtown	972,616
Buildings & Structures	973,085
Carousel Operations	125,536
Parks & Facilities	517,723
Landscape	472,590
Tennessee Riverpark Security	280,999
City Wide Security	65,771
Athletic Facilities	324,577
Memorial Auditorium	400,073
Civic Facilities Concessions	48,432
Tivoli Theatre	246,205
Civic Facilities Administration	528,579
Arts & Culture	261,985
Chattanooga Zoo	381,034
TOTAL	\$ 10,944,860

DEPARTMENT OF PERSONNEL

Administration	\$ 994,283
Physicals	142,100
Employee Benefit	317,403

Employee Insurance	5,212,030
Job Injuries	2,100,000

TOTAL	\$ 8,765,816
-------	--------------

DEPARTMENT OF NEIGHBORHOOD SERVICES

Administration	\$ 367,088
Codes & Community Services	865,556
Neighborhood Relations	421,811
Neighborhood Mini Grants	115,000

TOTAL	\$ 1,769,455
-------	--------------

DEPARTMENT OF EXECUTIVE BRANCH

Mayor's Office	\$ 856,904
Internal Audit	331,761
General Fund – Community Development	257,847
Grants Administration	90,401
Human Rights	82,804

TOTAL	\$ 1,619,717
-------	--------------

SECTION 5(a) GENERAL GOVERNMENT & SUPPORTED AGENCIES. The initials “A.O.”

as they appear in this Section, or elsewhere in the Ordinance, shall mean “Appropriation Only” which is hereby defined to mean that the amount as is shown being appropriated is only the appropriation of the City toward the total budget of such department, agency, board, commission, office or division or branch of government and is not to be construed to mean that such amount is its total budget or appropriation. The initials “A.S.F.” as they appear in this Section, or elsewhere in this Ordinance, shall mean “Appropriation to Special Fund” which is hereby defined to mean that the amount as is shown being appropriated is to a Special Fund that will not revert to the General Fund at the end of the fiscal year.

GENERAL GOVERNMENT & SUPPORTED AGENCIES:

City Council	\$ 665,658
Air Pollution Control Bureau A.S.F.	270,820
Allied Arts Council A.O.	250,000
Association of Visual Artists A.O.	15,000
Chattanooga Regional History Museum	24,000
Audits, Dues, & Surveys	166,754
Capital Improvements	4,500,000
CARCOG & Economic Development District A.O.	30,493
CARTA Subsidy A.O.	3,239,650
Carter Street Corporation Lease Agreement A.O.	1,420,765
Carter Street Corporation A.O.	352,324
C-HC Bicentennial Public Library A.S.F.	2,405,725
Chatt. African-American Museum/Bessie Smith A.O.	70,000
Chatt. African-American Museum Bldg. Maint A.S.F.	35,000

Chattanooga Neighborhood Enterprises	A.O.	2,000,000
Chattanooga Area Urban League	A.O.	50,000
Chattanooga Storm Water Fees	A.S.F.	75,000
Children's Advocacy Center	A.O.	30,000
Citizen Relationship Management		216,934
City Court (Judicial) #1		373,694
City Court (Judicial) #2		316,335
Community Foundation Scholarships		160,000
Community Research Council, Inc.		10,000
Contingency Fund		500,000
Debt Service Fund	A.S.F.	6,193,086
Downtown Design Center		135,324
Downtown Partnership	A.O.	140,000
Homeless Health Care Center	A.O.	17,500
Human Services	A.S.F.	1,481,641
Inner City Development Corporation		35,000
Intergovernmental Relations		228,850
City Attorney's Office		
Administration		726,921
Liability Insurance Fund	A.S.F.	500,000
Renewal & Replacement		1,500,000
Pensions, FICA, & UIC		41,500
Regional Planning Agency	A.S.F.	974,817
Scenic Cities Beautiful	A.S.F.	30,294
Tuition Assistance Program		20,000
Taxi Board	A.O.	300
Tennessee RiverPark	A.O.	767,584
Westside Development Corporation	A.O.	75,000
WTCL-TV-Channel 45	A.O.	60,000
TOTAL		\$ 30,105,968

SECTION 6. That there be and is hereby established a budget for each of the following special funds for Fiscal Year 2002-2003:

Fund Number	Fund Title	Amount
1119	<u>ECONOMIC DEVELOPMENT/EDUCATION FUND</u>	
Estimated Revenue:		
City – Only Sales Tax		\$ 17,618,315
		=====
Appropriations:		
Education – Hamilton County		\$ 8,459,059
Chattanooga Economic Development Capital Fund		2,018,121
Chattanooga African-American Chamber of Commerce		150,000
Chattanooga Chamber for Economic Development		400,000
Community Education Alliance		350,098
Net Debt Service		6,241,036
		=====
		\$ 17,618.315
		=====

SECTION 6(a). The following provisions apply to the Economic Development/ Education Fund for fiscal year 2003. The direct appropriation to the Hamilton County Education Department shall be frozen at the FY2001 level as indicated above. All funds collected above that amount this year and in subsequent years shall be held by the City for funding of the Mayor's education initiatives—the Community Education Alliance. Further reductions for expenses directly related to education may occur in future years. For the current fiscal year only, the City of Chattanooga will fund 100% of the salaries of School Resource Officers serving in Hamilton County schools. Source of this funding will be from nonrecurring sources and will terminate at the end of this fiscal year, with 75% of said salaries and total operating expenses being covered through further reductions in the amount of the appropriation paid directly to Hamilton County Education Department.

SECTION (6)(a)(1). The funding level for the Mayor's education initiative, the Community Education Alliance, shall continue to be equivalent to the excess funds collected over the “frozen” level for fiscal year 2001 as discussed in SECTION (6)(a) and may cover salaries (for a limited staff), administrative expenses, analysis of fundraising opportunities and programs to benefit principally schools within the City, and other education-oriented initiatives.

SECTION (6)(a)(2). From the Economic Development Capital Fund, in addition to other projects which may be approved by separate resolution or ordinance from time to time, the Mayor is hereby authorized to enter into an agreement and make any payments attendant thereto over a two-year period between the City and a telecommunications entity known as MetroNet in amounts not to exceed \$125,000 in total.

SECTION (6)(a)(3) From previously approved and uncommitted capital funds allocated to the Department of Parks, Recreation, Arts and Culture, there is authorized and directed a transfer of \$100,000 to Allied Arts for Art in Public Places to be utilized as directed by the Mayor.

2104 STATE STREET AID FUND

Estimated Revenue:

State of Tennessee	\$	3,621,297
Investment Income		50,000
Fund Balance		358,703
General Fund Subsidy		320,000
		<hr/>
	\$	4,350,000
		=====

Appropriations:

Appropriation	\$	4,350,000
		<hr/>
	\$	4,350,000
		<hr/> <hr/>

3100 DEBT SERVICE FUND

Estimated Revenue:

General Fund	\$	6,193,086
911 Emergency Communications		200,000
Hamilton County		805,984
Safety Capital (Fire Loan)		3,716
Fund Balance		1,446,284
		<hr/>
	\$	8,649,070
		<hr/> <hr/>

Appropriations:

Principal	\$	4,953,112
Interest		3,685,958
Bank Service Charges		10,000
		<hr/>
	\$	8,649,070
		<hr/> <hr/>

2105 COMMUNITY DEVELOPMENT FUND

Estimated Revenue:

Community Development Block Grant - New Grants	\$	2,571,000
CDBG – Program Income		800,000
Emergency Shelter Grant		91,000
		<hr/>
	\$	3,462,000
		<hr/> <hr/>

Appropriations:

Allied Arts	\$	75,000
CADAS		25,000
Chattanooga Goodwill Industries		36,000
Chattanooga Homeless Coalition		33,000
Chattanooga Housing Authority		175,000
City of Chattanooga Codes & Community Service		150,000
City of Chattanooga Neighborhood Services		319,088
Chattanooga Neighborhood Enterprise		1,400,000
Family & Children's Services		67,000
Girl Scouts		13,000
Girls Inc.		25,000
Inner City Development Corporation		250,000
Southeast Tennessee Development District		22,500
Tennessee Wildlife Center		4,500
United Methodist Center		40,000
Community Development Administration		360,912
C D Administration – Commercial Facade		200,000
C D Administration – Economic Development		100,000
C D Administration – Rental Rehab		75,000

ESG – Chatt Room in the Inn	23,773
ESG – Family & Children's Services	67,227
	<hr/>
	\$ 3,462,000
	<hr/>

2105 ECONOMIC & COMMUNITY DEVELOPMENT - HOME PROGRAM

Estimated Revenue:	
Federal Grant (HOME)	\$ 1,343,000
HOME Unallocated Funds	188,000
Program Income	325,000
	<hr/>
	\$ 1,856,000
	<hr/>

Appropriations:

HOME – CCHDO	\$ 368,000
HOME – CNE	1,200,000
Hope For Chattanooga	100,000
Development Corporation of Orchard Knob	188,000
	<hr/>
	\$ 1,856,000
	<hr/>

2102 HUMAN SERVICES DEPARTMENT

Estimated Revenue:	
Federal – State Grants	\$ 10,785,834
City of Chattanooga	1,481,641
Contributions & Parent Fees	88,361
Interest Income	74,082
	<hr/>
	\$ 12,429,918
	<hr/>

Appropriations:

Administration	\$ 1,059,373
Headstart	7,230,870
Day Care	741,730
Weatherization	244,616
Foster Grandparents	462,135
LIEAP	691,800
CSBG	684,794
Occupancy	226,221
Human Services Program	934,200
Neighborhood Family Services	81,311
City General Relief	72,868
	<hr/>
	\$ 12,429,918
	<hr/>

5200 SOLID WASTE & SANITATION FUND

Estimated Revenue:	
Landfill Tipping Fees	\$ 983,145
Permits	1,000
General Fund Subsidy	4,784,387
Investment Income	144,500
	<hr/>
	\$ 5,913,032.
	<hr/>

Appropriations:	
Recycle	\$ 698,442
Waste Disposal – Chattanooga Landfill	144,500
Sanitary Landfill	1,132,252
Wood Recycle	373,771
Solid Waste Reserve	246,344
Renewal & Replacement	17,000
Debt Service	3,170,723
Household Hazardous Waste	130,000
	<hr/>
	\$ 5,913,032
	=====

5300 STORM WATER FUND

Estimated Revenue:	
Storm Water Fee	\$ 4,104,048
General Fund Subsidy	683,952
	<hr/>
	\$ 4,788,000
	=====

Appropriations:	
Stormwater Administration	\$ 1,417,955
Storm Water City Wide Services	1,075,441
Renewal & Replacement	21,000
Debt Service	2,273,604
	<hr/>
	\$ 4,788,000
	=====

SECTION 6(b). That there be and is hereby authorized the appropriation of all collections and fund balances to the respective funds, other than the General Fund, to be expended for the general public purposes as indicated.

SECTION 7(a). That all persons in the Fire and Police Pay Plans within the “City of Chattanooga Classification System” and covered by the “Pay Plans” on the effective date of this Ordinance shall receive a three percent (3%) increase in pay in addition to the amount they are being paid on the effective date of this Ordinance. That all persons within the “City of Chattanooga Classification System” and covered by the “Pay Plans” on the effective date of this Ordinance shall receive, if approved by their supervisor, their regularly scheduled step increase as incorporated in the “Pay Plans” attached hereto and made a part by reference thereof, except that employees hired subsequent to February 28, 2002 shall not be eligible for a step increase during the fiscal year ending June 30, 2003. Existing employees promoted subsequent to February 28, 2003, shall not receive a step on July 1, 2003, provided steps are effective, if such promotion

resulted in a pay increase of more than 20%. The above pay provisions may be waived only by the authority of the Mayor on a case-by-case basis. This raise shall be retroactive to July 1, 2002, only for those persons employed by the City on July 1, 2002, and still employed by the City. However, a Department head can certify that an employee is not qualified for a step increase. That any employee already receiving pay above the maximum step of the assigned pay grade will not receive an increase. Also, all persons within the "City of Chattanooga Classification System" but not covered by the "Pay Plans" shall receive a four percent (4%) increase in pay effective July 1, 2002. Permanent part-time employees shall receive a four percent (4%) increase. Any employee serving under the provisions of the General Pay Schedule of the City of Chattanooga (not including sworn firefighters and police officers) at the maximum step for their pay grade (i.e., "topped-out") on June 30, 2002 shall receive a one-time payment of \$800, subject to all deductions and payroll taxes.

SECTION 7(a)(1). In addition to the minimum rate of pay established in the Classification Plan, a rate of pay less than Step One (1) of the designated pay grade may be assigned to the newly employed or promoted incumbent for a specified period of time. This step shall be identified as "probation step". Provided, however, that no full time City employee shall be paid less than the prevailing poverty rate, except for those employees whose pay is governed by federal formula.

SECTION 7(a)(2). Any person employed on a temporary basis in positions authorized within the Classification Plan shall be paid at a rate not more than Step One (1) of the position's pay grade. As provided in the Chattanooga City Code, Part II, temporary employment shall not exceed a period of six (6) months on any occasion.

SECTION 7(a)(3). In addition to positions provided for hereinafter, known as positions within the "City of Chattanooga Classification Plan", which includes only permanent full time positions, the City recognizes and authorizes the following types of designation of positions as exempt from the Classification Plan: Permanent Part-Time, Temporary Part-Time, Permanent Daily, Permanent Full-Time Elected Officials, and Temporary Full-Time.

SECTION 7(b). That except as otherwise provided, the positions specified hereinafter are hereby authorized at the pay grades or maximum amounts and upon the terms hereinafter specified.

SECTION 7(b)(1). Positions previously identified for elimination as part of reductions in

force shall be funded through December 31, 2002. Employees still in those positions on December 31, 2002 shall be terminated after an aggressive effort has been made to transfer them to other vacant positions for which they are qualified.

SECTION 7(b)(2). In order to achieve the efficiencies in personnel assignments, the Mayor is hereby authorized to realign, reclassify or otherwise change positions within the total number of funded positions provided for.

SECTION 7(b)(3). During the period of this budget and until December 31, 2002, the Mayor and his staff will make an aggressive effort to transfer current employees whose positions have been identified for elimination. Barring unforeseen circumstances, no layoffs of full-time employees are anticipated prior to December 31, 2002.

SECTION 8. That all salaries and wages and other expenditures shall be paid only upon the authorization of the official who has the responsibility of expending the appropriation against which the salaries or wages or other expenditures are charged, pursuant to Private Acts of 1953, Chapter 105, Section 2 (4). That all funds appropriated in this Ordinance for payment of salaries and/or wages shall be spent for salaries and wages only unless proper authorization is given to do otherwise.

SECTION 9. That the City Finance Officer is authorized to pay the payroll and/or costs of personal services, whether on the payroll, voucher or otherwise, of the Air Pollution Control Bureau, Chattanooga-Hamilton County Bicentennial Library, Chattanooga-Hamilton County Regional Planning Agency, Special Counsels and personnel of the Office of the City Attorney, Human Services Department, Scenic Cities Beautiful, and any other department, agency, board, commission, office, division, or branch of Municipal Government heretofore or hereafter established, notwithstanding that same is not specified hereinbefore, as certified to him by the respective administrative official.

SECTION 9(a). That the City Finance Officer is authorized to pay a uniform and equipment maintenance allowance of five hundred dollars (\$500.00) for all sworn police officers and firefighters as of July 1, 2002, except for those new employees who have received from the city a new uniform since July 1, 2001. Further, the City Finance Officer is authorized to pay a supplemental tool allowance of one hundred fifty dollars (\$150.00) for certain employees as set forth in Resolution No. 18381, dated December 5, 1989,

as amended; and is authorized to pay a supplemental uniform allowance of two hundred fifty dollars (\$250.00) for City Court Officers. It shall be the duty of employees receiving these supplements to use the funds for the specified purpose and retain receipts to that effect.

SECTION 9(b). That the City Finance Officer is authorized to match the total salaries of all participants in the Fire and Police Pension Fund with a contribution from the General Fund not to exceed fifteen point seventy-two percent (15.72%).

SECTION 9(c). That the City Finance Officer is authorized to match the total salaries of all participants in the General Pension Plan as specified in the most recent actuarial study with one point eight two percent (1.82%) contribution from the General Fund.

SECTION 9(d). That the City Finance Officer is authorized to pay the following Union Pension Plans the specified amounts per participation agreements:

Central Pension Fund	\$1.15 Per Hour
LIUNA (Laborers) Pension Fund	.89 Per Hour

SECTION 10. That the City Finance Officer is authorized to reimburse officials and employees for use of personal vehicles on official business at the current rate per mile recognized and established by the Internal Revenue Service.

SECTION 11. That for employees currently receiving a monthly allowance of four hundred dollars (\$400.00) per person in-lieu of a take-home government vehicle shall continue to receive same for as long as such employee holds his or her current position. Additional employees may receive this allowance only with approval of the Mayor and passage of an ordinance by the City Council.

SECTION 12. That pursuant to the Charter, it shall be unlawful for any department, agency, or branch of the Government to expend any money other than the purpose for which it was appropriated, nor shall the expenditures for a purpose exceed the appropriation for said purpose.

SECTION 13. If at any time the actual receipt of revenues is projected to be less than the estimated revenues, it shall be the duty of the Mayor to forthwith initiate an ordinance amending this budget ordinance so as to appropriately reduce or otherwise change the various appropriations made herein which, in the judgment of the City Council, should be made.

SECTION 14. That any person, firm or corporation who engages in any business, occupation or vocation without first obtaining a license or permit therefore as provided herein shall, upon conviction, be fined not less than two dollars (\$2.00) nor more than five hundred dollars (\$500.00) for each violation, and each day or violation shall constitute a separate offense.

SECTION 15. That this Ordinance shall be operative, as distinguished from its effective date, on and after July 1, 2002.

SECTION 16. That if any section, sentence, word or figures contained in this Ordinance should be declared invalid by a final decree of a Court of competent jurisdiction, such holding shall not affect the remaining sentences, sections, words or figures contained in this Ordinance, but the same shall remain in full force and effect.

SECTION 17. That this Ordinance shall take effect two (2) weeks from and after its passage as provided by law.

PASSED on Third and Final Reading

____ July 16, _____, 2002.

____ Ron Littlefield /S/ _____
CHAIRPERSON

APPROVED: Y DISAPPROVED: _____.

DATE: July 18, _____, 2002

____ Bob Corker /S/ _____
MAYOR

Reviewed by: James S. Boney /S/ _____

RLN/JSB:rr